

TOWN OF LAKE PROVIDENCE

LAKE PROVIDENCE, LOUISIANA

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2017



**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

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INDEPENDENT AUDITOR'S REPORT

**To the Honorable Robert N. Amacker, Jr., Mayor,
and Members of the Board of Aldermen
Town of Lake Providence, Louisiana**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lake Providence, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Lake Providence's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards and the guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Lake Providence, Louisiana, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 4-6), budgetary comparison information (page 36), Schedule of Employer's Proportionate Share of Net Pension Liability (page 37), and Schedule of Employer Contributions (page 38) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lake Providence, Louisiana's basic financial statements. The Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Agency Head; the Schedule of Compensation Paid Aldermen; the Schedule of Aldermen; the Schedule of Count of Utility Customers; and the Schedule of Utility Activities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Town of Lake Providence
Independent Auditor's Report
June 30, 2017

The Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Agency Head; the Schedule of Compensation Paid Aldermen; and the Schedule of Utility Activities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Agency Head; the Schedule of Compensation Paid Aldermen; and the Schedule of Utility Activities are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Aldermen and the Schedule of Count of Utility Customers have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of the Town of Lake Providence, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lake Providence, Louisiana's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC



Ruston, Louisiana
December 27, 2017

TOWN OF LAKE PROVIDENCE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2017

Our discussion and analysis of the Town of Lake Providence, Louisiana (the Town) provides an overview of the Town's activities for the year ended June 30, 2017. Please read it in conjunction with the Town's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole.

Reporting the Town as a Whole The Statement of Net Position and the Statement of Activities

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Town's net position and changes in them. The Town's net position (i.e., the difference between assets and liabilities) is a measure of the Town's financial position. The increases or decreases in the Town's net position are an indicator of whether its financial position is improving or deteriorating.

THE TOWN AS A WHOLE

At June 30, 2017, net position was as follows:

	NET POSITION					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 657,313	\$ 669,652	\$ 857,608	\$ 834,600	\$ 1,514,921	\$ 1,504,252
Capital assets, net	<u>3,272,643</u>	3,176,457	<u>6,834,852</u>	7,089,077	<u>10,107,495</u>	10,265,534
Total assets	<u>3,929,956</u>	<u>3,846,109</u>	<u>7,692,460</u>	<u>7,923,677</u>	<u>11,622,416</u>	<u>11,769,786</u>
Deferred outflows - pension related	<u>27,675</u>	18,974	<u>138,439</u>	95,959	<u>166,114</u>	114,933
Liabilities:						
Current	72,855	81,019	208,917	251,731	281,772	332,750
Long-term	<u>412,741</u>	408,052	<u>3,111,699</u>	3,121,876	<u>3,524,440</u>	3,529,928
Total liabilities	<u>485,596</u>	<u>489,071</u>	<u>3,320,616</u>	<u>3,373,607</u>	<u>3,806,212</u>	<u>3,862,678</u>
Deferred inflows - pension related	<u>9,391</u>	3,813	<u>46,519</u>	19,285	<u>55,910</u>	23,098
Net position:						
Net investment in capital assets	2,948,416	2,833,143	4,105,811	4,304,498	7,054,227	7,137,641
Restricted	432,513	431,142	369,941	355,295	802,454	786,437
Unrestricted	<u>81,715</u>	107,914	<u>(11,988)</u>	(33,049)	<u>69,727</u>	74,865
Total net position	<u>\$ 3,462,644</u>	<u>\$ 3,372,199</u>	<u>\$ 4,463,764</u>	<u>\$ 4,626,744</u>	<u>\$ 7,926,408</u>	<u>\$ 7,998,943</u>

TOWN OF LAKE PROVIDENCE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2017

Net position of the Town's governmental activities increased three percent during the year ended June 30, 2017. Unrestricted net position, the part that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, changed from \$107,914 to \$81,715. The increase is due to changes in property taxes and other revenues. Ordinary expenses did not change significantly.

Net position of the business-type activities decreased from \$4,626,744 to \$4,463,764. The decrease is primarily due to changes in operating grants and contributions. Ordinary expenses did not change significantly.

For the year ended June 30, 2017, net position changed as follows:

	CHANGE IN NET POSITION					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for services	\$ 358,793	\$ 433,254	\$ 1,223,969	\$ 1,219,006	\$ 1,582,762	\$ 1,652,260
Operating grants and contributions	42,722	59,276	65,316	188,164	108,038	247,440
Capital grants and contributions	247,405	75,265	-	-	247,405	75,265
General revenues:						
Property taxes	197,588	185,293	-	-	197,588	185,293
Sales and use taxes	254,008	257,773	255,994	258,694	510,002	516,467
Other taxes	91,385	90,287	-	-	91,385	90,287
Earnings on investments	771	897	1,440	1,415	2,211	2,312
Other	108,889	62,324	37,961	21,330	146,850	83,654
Total revenues	<u>1,301,561</u>	<u>1,164,369</u>	<u>1,584,680</u>	<u>1,688,609</u>	<u>2,886,241</u>	<u>2,852,978</u>
Governmental activities:						
General government	410,414	324,997	-	-	410,414	324,997
Public safety	640,803	616,714	-	-	640,803	616,714
Highways and streets	372,245	378,794	-	-	372,245	378,794
Health and welfare	7,250	-	-	-	7,250	-
Culture and recreation	76,518	76,514	-	-	76,518	76,514
Economic development	-	-	-	-	-	-
Interest expense	13,886	15,895	117,286	119,593	131,172	135,488
Business-type activities:						
Utilities	-	-	1,320,374	1,348,371	1,320,374	1,348,371
Total expenses	<u>1,521,116</u>	<u>1,412,914</u>	<u>1,437,660</u>	<u>1,467,964</u>	<u>2,958,776</u>	<u>2,880,878</u>
Increase (decrease) in net position before transfers	<u>(219,555)</u>	<u>(248,545)</u>	<u>147,020</u>	<u>220,645</u>	<u>(72,535)</u>	<u>(27,900)</u>
Transfers	<u>310,000</u>	<u>306,000</u>	<u>(310,000)</u>	<u>(306,000)</u>	<u>-</u>	<u>-</u>
Change in net position of year	<u>90,445</u>	<u>57,455</u>	<u>(162,980)</u>	<u>(85,355)</u>	<u>(72,535)</u>	<u>(27,900)</u>
Net position at beginning	<u>3,372,199</u>	<u>3,314,744</u>	<u>4,626,744</u>	<u>4,712,099</u>	<u>7,998,943</u>	<u>8,026,843</u>
Net position at end of year	<u>\$ 3,462,644</u>	<u>\$ 3,372,199</u>	<u>\$ 4,463,764</u>	<u>\$ 4,626,744</u>	<u>\$ 7,926,408</u>	<u>\$ 7,998,943</u>

As of June 30, 2017, none of the Town's funds have a deficit balance. The General Fund has a fund balance of \$581,585 which is a decrease of one percent from prior year. Fund balance is equal to approximately five months of expenditures.

TOWN OF LAKE PROVIDENCE, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended June 30, 2017

BUDGETARY HIGHLIGHTS

During the year, in the General Fund, there was a \$97,843 decrease in anticipated revenues. It was due primarily to decreases in intergovernmental revenues and fines. Anticipated expenditures increased by \$44,155 primarily due to increases in general government, public safety, and highways and streets offset by a decrease in capital outlay.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the Town's investment in capital assets for its governmental and business-type activities amounts to \$10,107,495 (net of accumulated depreciation). This investment includes the water and sewer systems, land, buildings and improvements, streets, vehicles, machinery, and equipment.

This year's additions of \$961,942 include a portable building, antenna water meter, the automated meter reading project, warehouse at Providence Foods, two trucks, Fire Station and street improvements, an AC unit, and a tractor. During the year, the Town also disposed of nine vehicles and several items of furniture and equipment. Deletions totaled \$134,419. Depreciation expense for governmental and business-type activities was \$174,351 and \$326,079, respectively.

Debt

At year end, the Town had a total of \$324,227 in general obligation bonds, outstanding and \$2,729,041 in revenue bonds outstanding. The bonds bear interest between 4.125% and 4.25%. There is one issue of general obligation bonds and one issue of revenue bonds. The bonds are due to mature in 2049 and 2043, respectively. The funds were used to finance the cost of the construction of extensions, improvements, and additions to the existing waterworks and sewer systems of the Town.

In addition, the Town had other long-term obligations:

- Net pension liability - \$446,786
- Compensated absences payable - \$24,386

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Our elected and appointed officials consider many factors when setting the Town's budget and tax rates. One of the most important factors affecting the budget is our franchise, ad valorem, sales and other tax collections. Approximately 50% of total revenues in the General Fund are taxes. We have budgeted very little change in taxes for the year ending June 30, 2018.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mayor Robert N. Amacker, Jr., at Town Hall, 201 Sparrow Street, Lake Providence, Louisiana 71263, telephone number 318-559-2288.

BASIC FINANCIAL STATEMENTS

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 110,600	\$ 296,804	\$ 407,404
Cash and cash equivalents - restricted	484,325	369,941	854,266
Receivables, net of allowance for uncollectibles	63,349	189,902	253,251
Internal balances	(961)	961	-
Capital assets not being depreciated	218,340	126,861	345,201
Capital assets, net of accumulated depreciation	3,054,303	6,707,991	9,762,294
TOTAL ASSETS	3,929,956	7,692,460	11,622,416
DEFERRED OUTFLOWS			
Pension related	27,675	138,439	166,114
LIABILITIES			
Accounts payable	43,082	71,385	114,467
Retainages payable	-	5,722	5,722
Payroll and related liabilities	29,423	6,073	35,496
Accrued liabilities	350	-	350
Customer deposits payable	-	125,737	125,737
Noncurrent liabilities:			
Due within one year	19,288	57,945	77,233
Due in more than one year	319,424	2,680,997	3,000,421
Net pension liability	74,029	372,757	446,786
TOTAL LIABILITIES	485,596	3,320,616	3,806,212
DEFERRED INFLOWS			
Pension related	9,391	46,519	55,910
NET POSITION			
Net investment in capital assets	2,948,416	4,105,811	7,054,227
Restricted net position	432,513	369,941	802,454
Unrestricted net position	81,715	(11,988)	69,727
TOTAL NET POSITION	\$ 3,462,644	\$ 4,463,764	\$ 7,926,408

The accompanying notes are an integral part of these financial statements.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental activities:						
General government	\$ 410,414	\$ 117,043	\$ 875	\$ -	\$ (292,496)	\$ (292,496)
Public safety	640,803	241,750	41,847	-	(357,206)	(357,206)
Highways and streets	372,245	-	-	209,816	(162,429)	(162,429)
Health and welfare	7,250	-	-	-	(7,250)	(7,250)
Culture and recreation	76,518	-	-	-	(76,518)	(76,518)
Economic development	-	-	-	37,589	37,589	37,589
Interest expense	13,886	-	-	-	(13,886)	(13,886)
Total governmental activities	<u>1,521,116</u>	<u>358,793</u>	<u>42,722</u>	<u>247,405</u>	<u>(872,196)</u>	<u>(872,196)</u>
Business-type activities:						
Utilities	1,320,374	1,223,969	65,316	-	\$ (31,089)	(31,089)
Interest expense	117,286	-	-	-	(117,286)	(117,286)
Total business-type activities	<u>1,437,660</u>	<u>1,223,969</u>	<u>65,316</u>	<u>-</u>	<u>(148,375)</u>	<u>(148,375)</u>
Total primary government	<u>\$ 2,958,776</u>	<u>\$ 1,582,762</u>	<u>\$ 108,038</u>	<u>\$ 247,405</u>	<u>(872,196)</u>	<u>(148,375)</u>
General revenues:						
Property taxes					197,588	-
Sales and use taxes					254,008	255,994
Franchise taxes					89,709	-
Other taxes, penalties and interest					1,676	-
Unrestricted investment earnings					771	1,440
Gain (loss) on sale of capital assets					28,869	6,364
Other					80,020	31,597
Transfers					310,000	(310,000)
Total general revenues and transfers					<u>962,641</u>	<u>(14,605)</u>
Change in net position					90,445	(162,980)
Net position at beginning of year					3,372,199	4,626,744
Net position at end of year					<u>\$ 3,462,644</u>	<u>\$ 4,463,764</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

ASSETS	General	Capital Projects	Total Governmental Funds
Cash and cash equivalents	\$ 107,727	\$ 2,873	\$ 110,600
Cash and cash equivalents - restricted	484,325	-	484,325
Receivables, net	63,349	-	63,349
TOTAL ASSETS	\$ 655,401	\$ 2,873	\$ 658,274
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 43,082	\$ -	\$ 43,082
Payroll and related liabilities	29,423	-	29,423
Accrued liabilities	350	-	350
Due to other funds	961	-	961
Total liabilities	<u>73,816</u>	<u>-</u>	<u>73,816</u>
Fund balances:			
Restricted fund balances	542,981	2,873	545,854
Unassigned fund balances	38,604	-	38,604
Total fund balances	<u>581,585</u>	<u>2,873</u>	<u>584,458</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 655,401	\$ 2,873	\$ 658,274

The accompanying notes are an integral part of these financial statements.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

**Amounts reported for governmental activities
in the statement of net assets are different because:**

Total fund balances	\$ 584,458
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds.	3,272,643
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Deferred outflows - pension related	27,675
Deferred inflows - pension related	(9,391)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(324,227)
Compensated absences payable	(14,485)
Net pension liability	(74,029)
Net assets of governmental activities	<u>\$ 3,462,644</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	General	Capital Projects	Total Governmental Funds
Revenues:			
Taxes:			
Ad valorem	\$ 197,588	\$ -	\$ 197,588
Sales and use	254,008	-	254,008
Franchise	89,709	-	89,709
Other taxes, penalties and interest	1,676	-	1,676
Licenses and permits	91,448	-	91,448
Intergovernmental:			
Federal funds	37,589	-	37,589
State funds:			
Supplemental pay	27,717	-	27,717
Fire insurance rebate	14,130	-	14,130
Local government assistance program	8,636	-	8,636
Other state funds	-	201,181	201,181
Charges for services	2,825	-	2,825
Fines	239,800	-	239,800
Lease income	25,595	-	25,595
Interest earned	769	2	771
Other revenues	76,263	1,500	77,763
Total revenues	<u>1,067,753</u>	<u>202,683</u>	<u>1,270,436</u>
Expenditures:			
Current:			
General government	338,732	34,535	373,267
Public safety:			
Police Department	470,490	-	470,490
Fire Department	158,718	-	158,718
Animal Control	1,156	-	1,156
Highways and streets	258,396	-	258,396
Health and welfare	7,250	-	7,250
Culture and recreation	55,178	-	55,178
Debt service:			
Principal	4,602	-	4,602
Interest and others	13,886	-	13,886
Capital outlay	62,331	212,487	274,818
Total expenditures	<u>1,370,739</u>	<u>247,022</u>	<u>1,617,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(302,986)</u>	<u>(44,339)</u>	<u>(347,325)</u>
Other financing sources (uses):			
Transfers in	310,000	45,841	355,841
Transfers out	(45,841)	-	(45,841)
Sale of capital assets	33,150	-	33,150
Total other financing sources and uses	<u>297,309</u>	<u>45,841</u>	<u>343,150</u>
Net change in fund balances	<u>(5,677)</u>	<u>1,502</u>	<u>(4,175)</u>
Fund balances at beginning of year	587,262	1,371	588,633
Fund balances at end of year	<u>\$ 581,585</u>	<u>\$ 2,873</u>	<u>\$ 584,458</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS' STATEMENT OF REVENUES,
EXENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Amounts reported for governmental activities
in the statement of net assets are different because:

Net change in fund balances - total governmental funds \$ (4,175)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay	274,818
Depreciation expense	(174,351)
Gain (loss) on disposal of assets	(4,281)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Payments on debt	4,602
Pension expense	(8,424)
Nonemployer contributions to pension plan	2,256

Change in net assets of governmental activities \$ 90,445

The accompanying notes are an integral part of these financial statements.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

PROPRIETARY FUND - UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

ASSETS

Current assets:	
Cash and cash equivalents	\$ 296,804
Receivables, net	189,902
Due from other funds	961
Total current assets	<u>487,667</u>
Noncurrent assets:	
Cash and cash equivalents - restricted	369,941
Capital assets, net	6,834,852
Total noncurrent assets	<u>7,204,793</u>
TOTAL ASSETS	<u><u>7,692,460</u></u>

DEFERRED OUTFLOWS

Pension related	<u>138,439</u>
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LIABILITIES

Current liabilities:	
Accounts payable	71,385
Retainages payable	5,722
Payroll and related liabilities	6,073
Customer deposits payable	125,737
Revenue bonds payable - current	57,945
Total current liabilities	<u>266,862</u>
Noncurrent liabilities:	
Compensated absences payable	9,901
Revenue bonds payable	2,671,096
Net pension liability	372,757
Total noncurrent liabilities	<u>3,053,754</u>
TOTAL LIABILITIES	<u><u>3,320,616</u></u>

DEFERRED INFLOWS

Pension related	<u>46,519</u>
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NET POSITION

Net investment in capital assets	4,105,811
Restricted net position	369,941
Unrestricted net position	(11,988)
TOTAL NET POSITION	<u><u>\$ 4,463,764</u></u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**PROPRIETARY FUND - UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

Operating revenues:	
Charges for sales and services:	
Water charges	\$ 581,868
Sewer charges	257,540
Lakeside Sewer District Fees	79,908
Garbage charges	187,359
Street light charges	64,386
Penalties charged on utility accounts	52,908
Other revenues	31,597
Total operating revenues	<u>1,255,566</u>
Operating expenses:	
General and administrative:	
Salaries and related benefits	68,099
Materials and supplies	3,710
Operating costs	42,358
Professional services	10,632
Water department:	
Water salaries and related benefits	88,041
Water materials and supplies	42,712
Water operating costs	124,855
Water professional services	79,411
Water depreciation	198,092
Sewer department:	
Sewer salaries and related benefits	88,333
Sewer materials and supplies	29,993
Sewer operating costs	133,045
Sewer professional services	69,571
Sewer depreciation	114,187
Sanitation department:	
Sanitation salaries and related benefits	91,329
Sanitation materials and supplies	8,862
Sanitation operating costs	47,210
Sanitation Depreciation	13,799
Street lighting expense	66,135
Total operating expenses	<u>1,320,374</u>
Operating income (loss)	<u>(64,808)</u>
Nonoperating revenues (expenses):	
Sales and use taxes	\$ 255,994
Intergovernmental revenues	65,316
Interest earned	1,440
Interest expense	(117,286)
Gain (loss) on sale of capital assets	6,364
Total nonoperating revenue (expenses)	<u>211,828</u>
Income (loss) before transfers	147,020
Transfers out	<u>(310,000)</u>
Change in net assets	(162,980)
Net position at beginning of year	4,626,744
Net position at end of year	<u><u>\$ 4,463,764</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA
PROPRIETARY FUND - UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

Cash flows from operating activities:	
Receipts from customers and users	\$ 1,241,053
Payments to suppliers	(779,475)
Payments to employees	(170,946)
Net cash provided by operating activities	<u>290,632</u>
Cash flows from noncapital financing activities:	
Transfer to other funds	(310,000)
Sales tax receipts	255,994
Net cash provided by noncapital and related financing activities	<u>(54,006)</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(103,613)
Principal paid on capital debt	(55,538)
Interest paid on capital debt	(117,286)
Proceeds from sales of capital assets	8,505
Subsidy from grants	133,200
Net cash used by capital and related financing activities	<u>(134,732)</u>
Cash flows from investing activities:	
Interest received	1,440
Net cash provided by investing activities	<u>1,440</u>
Net increase (decrease) in cash and cash equivalents	103,334
Cash and cash equivalents, beginning of year (including amounts in restricted accounts)	<u>563,411</u>
Cash and cash equivalents, end of year (including amounts in restricted accounts)	<u>\$ 666,745</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	<u>\$ (64,808)</u>
Adjustments to reconcile operating loss to cash provided by operating activities:	
Bad debt expense	643
Depreciation expense	326,079
Pension related	30,115
(Increase) decrease in accounts receivable	(5,958)
Increase (decrease) in accounts payable	1,460
Increase (decrease) in payroll related liabilities	641
Increase (decrease) in customer deposits	2,460
Total adjustments	<u>355,440</u>
Net cash provided by operating activities	<u>\$ 290,632</u>
Noncash investing, capital, and financing activities:	
None	

The accompanying notes are an integral part of these financial statements.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Lake Providence, Louisiana, (the Town) was incorporated 1848. In 1904, the Town began operating under the provisions of the “Lawrason Act” (Louisiana Revised Statutes (R.S.) 33:321-481) of the constitution of the State of Louisiana. The Town is located in the parish of East Carroll and, as of 2010, had a population of 5,104. The Town operates under a “Board of Aldermen-Mayor” form of government and, as permitted under the act, provides police protection, fire protection, roads, streets and sidewalks; sponsorship of federal and state supported programs, water and sewer utilities and other necessary public services.

The accompanying basic financial statements of the Town of Lake Providence have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements present the financial position and results of operations of the various funds by the Town and the cash flows of the proprietary funds as of and for the year ended June 30, 2017.

Reporting Entity

The Town reporting entity consists of the various departments and activities that are within the control and authority of the Mayor and the Board of Aldermen.

As required by GASB Statement No. 14, *The Financial Reporting Entity*, as amended, a legally separate entity is considered a component unit of the Town if at least one of the following criteria is met:

- The Town appoints a voting majority of the organization’s governing body and is either able to impose its will on the organization or there is a potential financial benefit/burden to the Town.
- The entity is fiscally dependent on the Town.
- The nature and significant of the relationship between the Town and the entity is such that exclusion would cause the financial statements of the Town to be misleading or incomplete.

Under provisions of this Statement, the Town is considered a primary government since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The Town has no component units.

Basis of Presentation

The financial report consists of Management’s Discussion and Analysis (MD&A), basic financial statements, notes to basic financial statements, and required supplementary information other than the MD&A. The MD&A provides an overview of the financial activities of the Town. The basic financial statements include the government-wide financial statements, fund financial statements, and the notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Major revenues such as ad valorem taxes and sales taxes are assessed, collected and susceptible to accrual. Assets, liabilities, revenues, and expenses of the government are reported in the financial statements. The statements distinguish between the governmental and business-type activities of the Town by reporting each in a separate column.

All capital (long-lived) assets, receivables, and long-term obligations are reported in the Statement of Net Position. The Statement of Activities reports revenues and expenses in a format that allows the reader to focus on the net cost of each function of the Town. Both the gross and net cost per function, which is otherwise being supported by general government revenues, is compared to the revenues generated directly by the function. In the Statement of Activities, gross expenses, including depreciation, are reduced by related program revenues, which are comprised of charges for services, operating grants, and capital grants. Direct and indirect expenses are reported as program expenses for individual functions and activities. The program revenues must be directly associated with the function or a business-type activity. The types of transactions included in program revenues are licenses and permits, fines, lease income, court costs, charges for mowing, and charges for gravesites. The operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The fund financial statements report the Town as a collection of major and nonmajor funds presented on separate schedules by fund category – governmental, proprietary, and fiduciary funds.

- The governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances, with one column for the general fund, one for each of the other major funds, and one column combining all the nonmajor governmental funds. The Town does not have any nonmajor governmental funds. The statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period, generally considered sixty days after the end of the fiscal year. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest payments on general long-term liabilities which are recognized when due.
- The proprietary fund statements include a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows. Each statement has a column for each major enterprise fund. The Town does not have any nonmajor proprietary funds or internal service funds. The proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting in order to make a determination of net income, financial position, and cash flows.

Although the financial statements presented in each of these three schedules contain “total” columns, they merely combine rather than consolidate the funds. Hence, interfund transactions that generate receivables and payables or transfers from one fund to another are not eliminated.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Major funds are those whose revenues, expenditures/expenses, assets and deferred outflows, or liabilities and deferred inflows are at least ten percent of the total for their fund category or type (governmental or enterprise) and at least five percent of the corresponding element total for all governmental and enterprise funds combined.

The data on the face of the three sets of financial statements must be accompanied by certain disclosures to ensure accurate information is presented in the form of a single set of notes to the basic financial statements.

The major governmental funds of the Town are the General Fund and the Capital Projects Fund.

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The Town reports one major enterprise fund, the Utility Enterprise Fund which accounts for the activities of the water, sewer, sanitation and street lighting departments.

Assets, Liabilities, and Net Position, Equity, or Net Fund Balances

Cash and Investments

The Town Clerk pools those cash resources for which she is responsible and invests them accordingly. For purposes of the financial statements, including the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Cash and investment earnings are recorded in the Fund that holds the investment.

Receivables and Payables

Activity between funds that is outstanding at the end the fiscal year is referred to as either "due to or from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All internal balances are eliminated in the total primary government column. Receivables include all amounts susceptible to accrual that have not been collected at June 30, but will be collected soon enough after the end of the year to pay liabilities of that year. They include all amounts earned, but not collected at June 30. Receivables (net of any uncollectible amounts) and payables are reported on separate lines.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, Equity, or Net Fund Balances

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Town in September or October, are actually billed on October 1, and are mailed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year they are billed. The Town bills and collects its own property taxes using the assessed value determined by the assessor of East Carroll Parish and approved by the State of Louisiana Tax Commission. However, taxes that are received after more than 60 days after year end, will be recorded as deferred revenue at year end as they are not available. For the year ended June 30, 2017, taxes of 17.4 mills were levied on property with assessed valuations totaling \$11,150,034, as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General	11.50	11.50	Indefinite
Fire	3.28	3.28	2017
Police	2.62	2.62	2017

The following are the principal taxpayers and related property tax revenue for the Town:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for Municipality</u>
Delta Bank	\$ 595,257	5%	\$ 71,297
Entergy Louisiana, Inc.	428,190	4%	51,400
Crop Production Services, Inc.	346,632	3%	41,471
Lansing Louisiana, LLC	302,130	3%	36,147
Capital One, N.A.	277,561	2%	33,246
Atmos Energy Corporation	268,693	2%	32,254
Jongs, Inc.	225,930	2%	27,030
Bell South Telecommunications	182,430	2%	21,899
East Carroll Lumber Yard, Inc.	161,115	1%	19,276
Carroll Oil, Inc.	80,122	1%	9,586
Totals	<u>\$ 2,868,060</u>	<u>25%</u>	<u>\$ 343,606</u>

Voters of the Town authorized a one percent sales and use tax at a special election held November 3, 1998. On July 19, 2008, the tax was approved for an additional ten years from January 1, 2009. The tax is to be used for the purpose of constructing, acquiring, improving, extending, operating, and/or maintaining the Town's sewer system and water works facilities and improvements. An additional one percent sales and use tax was approved by the voters on January 15, 2005 for a period of ten years. On November 4, 2014, voters renewed the tax for an additional ten years commencing March 31, 2015. The tax is to be used for the purpose of improvement, maintenance, and/or repair of public streets within the corporate limits of the Town. Sales taxes are recognized when the underlying exchange transaction occurs, and the resources are available.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

Inventories consisting of office supplies and water and sewer plant supplies held for consumption are valued using the average cost method. The consumption method is used for financial reporting. Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, Equity, or Net Fund Balances (Continued)

Restricted Assets

Restricted assets represent primarily cash and investments held separately and restricted according to bond indenture agreements. Cash held for water customer meter deposits is also reported as restricted.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported capital in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded as expenditures in each fund and capitalized at the government-wide level; assets of enterprise funds are reported in the fund. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. The capitalization threshold is \$1,000. For reporting purposes, the Town defines capital assets as follows:

- Land is an inexhaustible asset with no capitalization threshold and an unlimited useful life; therefore, it is not depreciated.
- Buildings are permanent structures erected above ground, while improvements are major repairs, renovations, or additions that increase the future service potential of the asset. Leasehold improvements are improvements made by the lessee to leased property. They are depreciated principally using the straight-line method with an estimated useful life typically of 50 years for structures and improvements and 20 years for depreciable land improvements. Leasehold improvements are depreciated using the straight-line method with an estimated useful life depending on the term of the lease. Construction-in-progress is not depreciated.
- Movable property (furniture, equipment, and vehicles) consists of assets that are not fixed or stationary in nature. The straight-line method of depreciation is used, which divides the historical cost by the estimated useful life of the asset, generally 5 to 10 years.
- Infrastructure assets include tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Infrastructure is depreciated using the straight-line method with an estimated useful life of 20 to 40 years.
- Purchased computer software is depreciated using the straight-line method over an estimated useful life of 3 years.
- Donated capital assets are recorded at their estimated fair value at the date of donation.

Compensated absences

An employee must have been in the service of the Town for at least one year to be eligible for annual leave. Employees' vacations are determined by length of service with the Town. Employees with up to three years of service earn one week of vacation. Employees with more than three years of service earn two weeks of vacation. Employees are not paid for accumulated vacation leave upon separation, termination, retirement, or death.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position, Equity, or Net Fund Balances (Continued)

Each employee earns sick leave at the rate of one and one-quarter day for each month worked up to a maximum of fifteen days. If no sick leave is used during a year, the employee may carry forward six days to the next year. If any sick leave is used during the year, the employee may carry forward half of the leave earned for the year. The total accumulated balance cannot exceed sixty days. At separation, termination, retirement, or death, an employee may only be paid for the amount earned during the current year.

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental or business-type activities. In the fund financial statements, proprietary fund long-term obligations are reported as liabilities in the proprietary fund type statement of net position. Individual funds have been used to liquidate other long-term liabilities such as compensated absences, claims and litigation payable, etc. Prior to the implementation of GASB Statement No. 65, bond premiums and discounts, as well as issuance costs, were deferred and amortized over the life of the bonds. Subsequently, the costs are expensed as incurred.

Fund Balance Classifications and Net Position

Fund balances are reported under the following fund balance classifications:

Non-spendable	Includes fund balance amounts that cannot be spent either because it is not in spendable form or are legally or contractually required to be maintained intact.
Restricted	Includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
Committed	Includes amounts that can only be used for specific purposes pursuant to constraints that are internally imposed by the government through formal action of the Town Council and does not lapse at year-end.
Assigned	Includes amounts that are constrained by the Council's intent to be used for specific purposes that are neither considered restricted or committed.
Unassigned	Includes amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the General Fund. Negative fund balances in other governmental funds can also be classified as unassigned.

The Town has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, and unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the general policy of the Town is to use committed resources first, followed by assigned, and then unassigned. The use of restricted/committed resources may be deferred based on a review of the specific transaction.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classifications and Net Position (Continued)

The difference between assets and liabilities is “net position” on the government-wide, proprietary, and fiduciary fund statements. Net position is segregated into three categories on the government-wide statement of net position:

Net investment in capital assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations. The Town first uses restricted net position for expenses incurred when both restricted and unrestricted net position are available for use. The use of restricted net position may be deferred based on a review of the specific transaction.

Unrestricted net position – The balance of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation of the government-wide statements to the governmental fund financial statements. This reconciliation is necessary to bring the financial statements from the current financial resources measurement focus and modified accrual basis of accounting to the economic measurement focus and full accrual basis of accounting. Major items included in the reconciliation are capital assets, inventories and prepaids, long-term debt, accrued interest, long-term liabilities, and deferred revenue, which are shown on the government-wide but not the governmental fund statements.

Budgets

The Town of Lake Providence (Mayor and Council) uses the following budget practices:

Prior to June 30, the Town Clerk submits to the Mayor and Board Members a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.

Public hearings are conducted to obtain taxpayer comment.

During the month of June, the budget is legally enacted through passage of an ordinance.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

Budgets are adopted on the modified accrual basis.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (Continued)

Appropriations lapse at the end of each fiscal year.

The Mayor and Board may authorize supplemental appropriations during the year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. The policy is not a formal written policy. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand.

At June 30, 2017, the Town has cash and cash equivalents (book balances) totaling \$1,261,670 as follows:

Cash and cash equivalents:	
Demand deposits	\$ 268,767
Time deposits	138,213
Other	424
Total	<u>407,404</u>
Cash and cash equivalents – restricted:	
Demand deposits	366,660
Time deposits	487,606
Total	<u>854,266</u>
Total	<u><u>\$1,261,670</u></u>

These deposits are stated at cost which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2017, \$301,091 of the Town's bank balances of \$1,287,833 was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 986,742
Uninsured and uncollateralized	-
Collateralized by pledged securities not in the Town's name	301,091
Total balances exposed to custodial credit risk	<u>301,091</u>
Total bank balances	<u><u>\$ 1,287,833</u></u>

NOTE 3 – RECEIVABLES

The following is a summary of receivables at June 30, 2017:

	<u>General</u>	<u>Utility Enterprise</u>	<u>Total</u>
Receivables:			
Taxes:			
Sales and use taxes	\$ 21,101	\$ 21,101	\$ 42,202
Franchise taxes	19,539	-	19,539
Intergovernmental	16,332	5,722	22,054
Accounts	-	475,174	475,174
Other	<u>6,377</u>	<u>2,386</u>	<u>8,763</u>
Gross receivables	63,349	504,383	567,732
Less allowance for uncollectibles	<u>-</u>	<u>(314,481)</u>	<u>(314,481)</u>
Net total receivables	<u><u>\$ 63,349</u></u>	<u><u>\$ 189,902</u></u>	<u><u>\$ 253,251</u></u>

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2017, follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 218,340	\$ -	\$ -	\$ 218,340
Construction in progress	32,985	250,076	(283,061)	-
Total capital assets not being depreciated	<u>251,325</u>	<u>250,076</u>	<u>(283,061)</u>	<u>218,340</u>
Capital assets being depreciated:				
Infrastructure	3,750,079	226,309	-	3,976,388
Buildings	778,257	-	-	778,257
Building improvements	728,863	65,645	(2,097)	792,411
Furniture and equipment	379,089	12,836	(48,767)	343,158
Vehicles	762,664	3,013	(37,258)	728,419
Total capital assets being depreciated	<u>6,398,952</u>	<u>307,803</u>	<u>(88,122)</u>	<u>6,618,633</u>
Less accumulated depreciation for:				
Infrastructure	1,912,550	94,753	-	2,007,303
Buildings	248,404	18,345	-	266,749
Building improvements	282,414	32,367	(2,097)	312,684
Furniture and equipment	334,545	14,195	(46,814)	301,926
Vehicles	695,907	14,691	(34,930)	675,668
Total accumulated depreciation	<u>3,473,820</u>	<u>174,351</u>	<u>(83,841)</u>	<u>3,564,330</u>
Total capital assets being depreciated	<u>2,925,132</u>	<u>133,452</u>	<u>(4,281)</u>	<u>3,054,303</u>
Governmental activities, capital assets, net	<u>\$ 3,176,457</u>	<u>\$ 383,528</u>	<u>\$ (287,342)</u>	<u>\$ 3,272,643</u>

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 61,545	\$ -	\$ -	\$ 61,545
Construction in progress	645,458	65,316	(645,460)	65,314
Total capital assets not being depreciated	<u>707,003</u>	<u>65,316</u>	<u>(645,460)</u>	<u>126,859</u>
Capital assets being depreciated:				
Infrastructure	10,672,299	645,460	-	11,317,759
Buildings	147,539	1,366	-	148,905
Building improvements	23,689	-	-	23,689
Furniture and equipment	290,168	4,703	(10,703)	284,168
Vehicles	396,137	2,610	(35,594)	363,153
Total capital assets being depreciated	<u>11,529,832</u>	<u>654,139</u>	<u>(46,297)</u>	<u>12,137,674</u>
Less accumulated depreciation for:				
Infrastructure	4,406,725	299,382	-	4,706,107
Buildings	75,006	2,865	-	77,871
Building improvements	23,462	35	-	23,497
Furniture and equipment	275,367	3,977	(10,223)	269,121
Vehicles	367,198	19,820	(33,933)	353,085
Total accumulated depreciation	<u>5,147,758</u>	<u>326,079</u>	<u>(44,156)</u>	<u>5,429,681</u>
Total capital assets being depreciated	<u>6,382,074</u>	<u>328,060</u>	<u>(2,141)</u>	<u>6,707,993</u>
Business-type activities - capital assets, net	<u>\$7,089,077</u>	<u>\$ 393,376</u>	<u>\$ (647,601)</u>	<u>\$ 6,834,852</u>

Depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 28,723
Public safety	10,439
Highways and streets	113,849
Culture and recreation	21,340
Total	<u>\$ 174,351</u>
Business-type activities:	
Water	\$ 198,092
Sewer	114,187
Sanitation	13,800
Total	<u>\$ 326,079</u>

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5 – INTERFUND TRANSFERS

During the year ended June 30, 2017, the Utility Fund transferred \$310,000 to the General Fund to subsidize operations. The General Fund transferred \$45,841 to the Capital Projects Fund from Street taxes to match a CDBG grant for a street project.

Transfers are used to move funds to finance various programs that the Town must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 6 – LONG-TERM OBLIGATIONS

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The Town also issues bonds where the Town pledges income derived from the acquired or constructed asset to pay debt service.

Bonds payable at June 30, 2017, are comprised of the following issues:

Governmental activities:

USDA Community Center Project Bond:

\$355,000 Public Improvement Bonds, Series 2008, dated October 23, 2009, payable in monthly installments of \$1,541 commencing November 23, 2009, through October 23, 2049; interest payable at a rate of 4.25%. The General Fund services this debt.

\$ 324,227

Business-type activities:

Utility Revenue Bonds:

\$3,288,000 Utility Revenue Bond, Series 2003, dated September 11, 2003, payable in monthly installments of \$14,402 beginning October 11, 2004, and ending September 11, 2043, including interest at 4.25%. The Utility Enterprise Fund services this debt.

2,729,041

Total reporting entity

\$ 3,053,268

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Long-term liability activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 328,829	\$ -	\$ (4,602)	\$ 324,227	\$ 4,803
Compensated absences	14,485	-	-	14,485	14,485
Governmental activity long-term liabilities	<u>\$ 343,314</u>	<u>\$ -</u>	<u>\$ (4,602)</u>	<u>\$ 338,712</u>	<u>\$ 19,288</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Revenue bonds payable	\$ 2,784,579	\$ -	\$ (55,538)	\$ 2,729,041	\$ 57,945
Compensated absences	9,901	-	-	9,901	-
Business-type activity long-term liabilities	<u>\$ 2,794,480</u>	<u>\$ -</u>	<u>\$ (55,538)</u>	<u>\$ 2,738,942</u>	<u>\$ 57,945</u>

Annual debt service requirements to maturity for bonds are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>USDA Community Center Project Bond</u>		<u>Utility Revenue Bond</u>		<u>Principal</u>	<u>Interest</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2018	\$ 4,803	\$ 13,687	\$ 57,945	\$ 114,879	\$ 62,748	\$ 128,566
2019	5,009	13,479	60,456	112,368	65,465	125,847
2020	5,226	13,262	63,076	109,748	68,302	123,010
2021	5,453	13,036	65,809	107,014	71,262	120,050
2022	5,687	12,800	68,661	104,163	74,348	116,963
2023-2027	32,363	60,079	390,605	473,514	422,968	533,593
2028-2032	40,011	52,431	482,906	381,213	522,917	433,644
2033-2037	49,466	42,976	597,018	267,102	646,484	310,078
2038-2042	61,154	31,288	738,095	126,025	799,249	157,313
2043-2047	75,605	16,837	204,470	1,921	280,075	18,758
2048-2049	39,450	1,980	-	-	39,450	1,980
Totals	<u>\$ 324,227</u>	<u>\$ 271,854</u>	<u>\$ 2,729,041</u>	<u>\$ 1,797,947</u>	<u>\$ 3,053,268</u>	<u>\$ 2,069,801</u>

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

There are a number of limitations and restrictions contained in the various bond indentures. The Town is in compliance with all significant limitations and restrictions.

Interest expense for governmental activities and business-type activities for the year ended June 30, 2017, totaled \$13,886 and \$117,286, respectively.

NOTE 7 – RETIREMENT SYSTEMS

Municipal Employees' Retirement System of Louisiana (System)

Plan Description

The Town of Lake Providence contributes to the Municipal Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Any member of Plan B who was hired before January 1, 2013, can retire providing the member meets one of the following criteria:

1. Any age with 30 years of creditable service.
2. Age 60 with a minimum of ten or more years of creditable service.
3. Any age with ten years of creditable service eligible for disability benefits.
4. Survivor's benefits require five years creditable service at death of member.

Eligibility for retirement for Plan B members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven or more years of creditable service.
2. Age 62 with ten or more years of creditable service.
3. Age 55 with thirty or more years of creditable service.
4. Any age with twenty-five years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement shall consist of an amount equal to 2% of the employee's final compensation multiplied by his or her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The System also provides death and disability benefits. Benefits are established or amended by state statute.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

For the year ended June 30, 2017, the Town of Lake Providence's total payroll for all employees was \$862,464. Total covered payroll was \$382,990. Covered payroll refers to all compensation paid by the Town of Lake Providence to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810, or by visiting the System's website www.mersla.com.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2017, the actual employer contribution rate was 11.00% for Plan B, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Under Plan B, members are required by state statute to contribute 5.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Lake Providence to the System monthly. The Town of Lake Providence's contributions to the System under Plan B for the year ending June 30, 2017 were \$42,129.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Town reported a liability of \$446,786 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Lake Providence's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Town's proportion was 0.539005%, which was a decrease of 0.037961% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town of Lake Providence recognized pension expense of \$80,404 plus employer's amortization of change in proportionate share, differences between employer contributions and proportionate share of contributions, and current year contributions, which was (\$30,849). Total pension expense for the Town of Lake Providence for the year ended June 30, 2017 was \$49,555.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$3,664	\$6,455
Changes in assumptions	22,264	-
Net difference between projected and actual earnings on pension plan	109,515	-
Changes in employer's proportion of beginning net pension liability	(11,748)	49,455
Differences between employer and proportionate share of contributions	290	-
Subsequent measurement contributions	42,129	-
Total	\$166,114	\$55,910

The \$42,129 reported as deferred outflows of resources related to pensions resulting from the Town of Lake Providence's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$27,551
2019	27,551
2020	27,551
2021	27,551

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 is as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.500%
Inflation rate	2.875%
Salary increases, including inflation and merit increases	5.000%
Annuitant and beneficiary mortality	For annuitant and beneficiary mortality tables used were RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA
Employee mortality	For employees, the RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females
Disabled lives mortality	For disabled annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic real rates for each major asset class included in the System's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	50%	2.6%
Public fixed income	35%	1.8%
Alternatives	15%	0.8%
Totals	100%	5.2%
Inflation		2.5%
Expected arithmetic nominal return		7.6%

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 7 – RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the year ended June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2016 is 4 years for Plan B.

Sensitivity of the Town of Lake Providence's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town of Lake Providence's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Town of Lake Providence's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability	\$577,976	\$446,786	\$334,854

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana Audit Report at www.mersla.com.

NOTE 8 – ON-BEHALF PAYMENTS

Certain employees in the Town's police and fire departments receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No. 24, the Town has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$27,717. The related expenditures of \$27,717 are included in public safety expenditures in the General Fund.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Town operates water and sewer treatment plants. These operations pose a high risk for environmental liabilities. The Town is required to have EPA permits for wastewater. The Town relies on the EPA for periodic testing and inspections to help identify environmental liabilities or contingencies. The Town contracts with a professional wastewater management company to ensure compliance with the EPA regulations.

On March 17, 2016, the Board approved a cooperative endeavor agreement with the East Carroll Parish Police Jury which provides for cooperation relative to cleaning up debris, trash, limbs, roads, condemned property, and other ruins in the Town and relative to the maintenance of roads, ditches and drainage within the Town.

The Town is involved in one lawsuit at June 30, 2017. Legal counsel was unable to estimate what, if any, liability there will be.

NOTE 10 – RISK MANAGEMENT

The Town is exposed to various risks of loss relating to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 27, 2017, the date on which the financial statements were available to be released.

NOTE 12 – ADOPTION OF NEW ACCOUNTING STANDARDS

GASB has issued the following statements:

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 - The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. There were no significant effects on these financial statements.

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans - The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments - The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged. This statement has been implemented.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

NOTE 12 – ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

Statement No. 77, *Tax Abatement Disclosures* - The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* - The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. There were no significant effects on these financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants* - The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. There were no significant effects on these financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* - The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements* - The requirements of this Statement are effective for periods beginning after December 15, 2016. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* - The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. This statement has been implemented.

Statement No. 83, *Certain Asset Retirement Obligations* - The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 84, *Fiduciary Activities* - The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 85, *Omnibus 2017* - The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 86, *Certain Debt Extinguishment Issues* - The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This statement does not affect these financial statements.

Statement No. 87, *Leases* - For reporting periods beginning after December 15, 2019. This statement does not affect these financial statements.

The Town has not yet evaluated the statements to determine how the statements will affect reporting of the entity's financial position and results of operation.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 545,150	\$ 539,575	\$ 542,981	\$ 3,406
Intergovernmental revenues	122,300	92,397	88,072	(4,325)
Licenses and permits	86,837	92,000	91,448	(552)
Charges for services	1,975	3,225	2,825	(400)
Fines	307,000	240,250	239,800	(450)
Lease income	30,600	25,520	25,595	75
Interest earned	750	600	769	169
Other revenues	69,188	72,390	76,263	3,873
Total revenues	<u>1,163,800</u>	<u>1,065,957</u>	<u>1,067,753</u>	<u>1,796</u>
Expenditures:				
Current:				
General government	300,441	335,360	338,732	(3,372)
Public safety	587,552	649,337	630,364	18,973
Highways and streets	220,550	249,582	258,396	(8,814)
Culture and recreation	46,277	55,753	55,178	575
Debt service	18,488	18,488	18,488	-
Capital outlay	145,700	47,393	62,331	(14,938)
Total expenditures	<u>1,319,008</u>	<u>1,363,163</u>	<u>1,370,739</u>	<u>(7,576)</u>
Excess (deficiency) of revenues over expenditures	<u>(155,208)</u>	<u>(297,206)</u>	<u>(302,986)</u>	<u>(5,780)</u>
Other financing sources (uses):				
Transfers in	300,000	310,000	310,000	-
Transfers out	(47,000)	(43,716)	(45,841)	(2,125)
Proceeds from sale of capital assets	-	34,875	33,150	(1,725)
Total other financing sources (uses)	<u>253,000</u>	<u>301,159</u>	<u>297,309</u>	<u>(3,850)</u>
Net change in fund balances	97,792	3,953	(5,677)	(9,630)
Fund balances at beginning of year	-	-	587,262	587,262
Fund balances at end of year	<u>\$ 97,792</u>	<u>\$ 3,953</u>	<u>\$ 581,585</u>	<u>\$ 577,632</u>

Note: This schedule is prepared on the modified accrual basis.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE , LOUISIANA**

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2017**

	2017*	2016*	2015*
Employer's proportion of the net pension liability	0.539005%	0.576966%	0.622103%
Employer's proportionate share of the net pension liability	\$ 446,786	\$ 392,133	\$ 292,075
Employer's covered employee payroll	\$ 396,007	\$ 400,327	\$ 427,403
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	112.82%	97.95%	68.34%
Plan fiduciary net position as a percentage of the total pension liability	63.34%	66.18%	73.99%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*The amounts presented have a measurement date of the previous fiscal year end.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE , LOUISIANA**

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016	2015
Contractually required contribution	\$ 42,129	\$ 37,621	\$ 38,032
Contributions in relation to contractually required contribution	<u>(42,129)</u>	<u>(37,621)</u>	<u>(38,032)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 382,990	\$ 396,007	\$ 400,327
Contributions as a percentage of covered employee payroll	11.00%	9.50%	9.50%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY SCHEDULES

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, REIMBURSEMENTS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2017

Robert Amacker, Jr., Mayor

Salary	\$ 46,585
Benefits - retirement	5,124
Payments on behalf of Mayor	-
Reimbursements	-
	<u>\$ 51,709</u>

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF COMPENSATION PAID ALDERMEN
FOR THE YEAR ENDED JUNE 30, 2017

Jason Condrey	\$ 5,169
John Frantom	3,323
Barbara McDaniel	9,600
Nathaniel Madere, Mayor Pro-tem	10,800
Karl Magee	9,600
Donald B. Meadows	9,600
Total	<u>\$ 48,092</u>

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF ALDERMEN
FOR THE YEAR ENDED JUNE 30, 2017**

Name	Address	Phone
Jason Condrey	468 N. Hood St., Lake Providence, LA 71254	318-282-8957
Barbara McDaniel	269 Keene St., Lake Providence, LA 71254	318-559-0739
Nathaniel Madere, Mayor Pro-tem	503 Gould St., Lake Providence, LA 71254	318-559-0019
Karl Magee	310 Davis St., Lake Providence, LA 71245	318-559-5060
Donald B. Meadows	1604 Lake St., Lake Providence, LA 71245	318-559-0247

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF COUNT OF UTILITY CUSTOMERS
FOR THE YEAR ENDED JUNE 30, 2017

Category	Average Number of Customers
Commercial	150
Residential	1,640
Total	<u>1,790</u>

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF UTILITY ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>G&A</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Street Lighting</u>	<u>Total</u>
Operating Revenues						
Charges for services	\$ 52,908	\$ 581,868	\$ 337,448	\$ 187,359	\$ 64,386	\$ 1,223,969
Other revenues	31,597	-	-	-	-	31,597
Total operating revenues	<u>84,505</u>	<u>581,868</u>	<u>337,448</u>	<u>187,359</u>	<u>64,386</u>	<u>1,255,566</u>
Operating Expenses						
Salaries and benefits	68,099	88,041	88,333	91,329	-	335,802
Materials and supplies	3,710	42,712	29,993	8,862	-	85,277
Operating costs	42,358	124,855	133,045	47,210	66,135	413,603
Professional services	10,632	79,411	69,571	-	-	159,614
Depreciation	-	198,092	114,187	13,799	-	326,078
Total operating expenses	<u>124,799</u>	<u>533,111</u>	<u>435,129</u>	<u>161,200</u>	<u>66,135</u>	<u>1,320,374</u>
Operating income (loss)	<u>(40,294)</u>	<u>48,757</u>	<u>(97,681)</u>	<u>26,159</u>	<u>(1,749)</u>	<u>(64,808)</u>
Nonoperating revenues (expenses)						
Sales and use	255,994	-	-	-	-	255,994
Intergovernmental revenues:						
Federal funds	-	-	-	-	-	-
Community water enrichment funds	65,316	-	-	-	-	65,316
Interest earned	1,440	-	-	-	-	1,440
Interest and others	(117,286)	-	-	-	-	(117,286)
Gain (loss) on sale of capital assets	6,364	-	-	-	-	6,364
Total nonoperating revenues (expenses)	<u>211,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,828</u>
Income (loss) before transfers	171,534	48,757	(97,681)	26,159	(1,749)	147,020
Operating transfers out	<u>(310,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(310,000)</u>
Change in net position	<u>\$ (138,466)</u>	<u>\$ 48,757</u>	<u>\$ (97,681)</u>	<u>\$ 26,159</u>	<u>\$ (1,749)</u>	<u>\$ (162,980)</u>

Note: This schedule is prepared to satisfy a requirement by USDA that activities be accounted for separately. Some line items such as interest and transfers out cannot be absolutely attributed to a particular activity(s). This breakdown is an estimate.

OTHER REPORTS



Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

**To the Honorable Robert N. Amacker, Jr., Mayor
and Honorable Members of the Board of Aldermen
Town of Lake Providence
Lake Providence, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Lake Providence, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Lake Providence, Louisiana's basic financial statements, and have issued our report thereon dated December 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Lake Providence, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Lake Providence, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Lake Providence, Louisiana's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies [2017-001, 2017-003, 2017-004.]

Town of Lake Providence
Lake Providence, Louisiana
Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
June 30, 2017

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lake Providence, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2017-002 and 2017-005.

Town of Lake Providence, Louisiana's Response to Findings

The Town of Lake Providence, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings. The Town of Lake Providence, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.

BOSCH & STATHAM, LLC



Ruston, Louisiana
December 27, 2017

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Town of Lake Providence.
2. Three significant deficiencies are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. Three instances of noncompliance material to the financial statements which are required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Current Year

2017-001 No Physical Inventory of Assets

Year First Reported

2017

Type

Significant Deficiency

Criteria

Best practices and various regulations require annual physical inventory of capital and other assets.

Condition

The Town has not recently performed a physical inventory of capital assets or small assets such as tools.

Cause

The internal control system is not adequately designed.

Effect

Theft, misuse, or declines in value could go unnoticed. Financial statements could be misstated by including missing assets or by failing to revise depreciation.

Recommendation

The Town adopted a Policies and Procedures manual on June 15, 2017 that addresses several issues regarding capital assets, including requiring an annual inventory. We recommend that the Town adheres to the policy manual. The annual inventory should be based on the information and details outlined in the depreciation schedule. Notation should be made if the condition of an asset is not consistent with the depreciated value. Additionally, the Town should perform an inventory of small tools and equipment that are not included on the depreciation schedule because the initial cost of the items was below the capitalization threshold.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Management's Response

See management's corrective action plan.

2017-002 Committee Meetings Appear to Violate Louisiana's Open Meetings Law

Year First Reported

2017

Type

Compliance

Criteria

The Louisiana Open Meetings Law, in La. R.S. 42:14(A) states:

"Every meeting of any public body shall be open to the public unless closed pursuant to R.S. 42:16, 17, or 18."

LRS 42:13(A)(3), defines a "public body" as follows:

"Public body" means village, town, and city governing authorities; parish governing authorities; school boards and boards of levee and port commissioners; boards of publicly operated utilities; planning, zoning, and airport commissions; and any other state, parish, municipal, or special district boards, commissions, or authorities, and those of any political subdivision thereof, where such body possesses policy making, advisory, or administrative functions, including any committee or subcommittee of any of these bodies enumerated in this paragraph."

LRS 42:19 includes requirements for public notices of meetings.

Condition

The Town does not post the agendas or advertise that committee meetings are a public meeting.

Cause

The Town may not have realized that committee meetings were subject to the Open Meetings Law.

Effect

The Town may have violated the Louisiana Open Meetings Law.

Recommendation

We recommend the Town consult with legal counsel to ensure a proper understanding of the Louisiana Open Meetings Law and to determine what courses of action should be taken.

Management's Response

See management's corrective action plan.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

2017-003 Police Department Evidence Room

Year First Reported

2017

Type

Significant Deficiency

Criteria

The Louisiana Legislative Auditor's Best Practices publications, includes the following:

“Failure of a police department to maintain control over confiscated weapons, drugs, money, and other items relevant to criminal cases increases the risk that these items will be stolen, lost, or disposed of improperly. Items such as guns and drugs could be easily converted to cash. The following are some suggestions for proper controls for an evidence room:

- Adopt formal policies and procedures for recording, maintaining, inventorying, and disposing of confiscated items.
- Limit access to the evidence room to authorized personnel only.
- Maintain a log that provides the name, date, time, and reason for entering the evidence room.
- Install a motion security camera in the evidence room that is impervious to power outages.
- Install two locks on the evidence room door which requires two individuals with two separate keys to enter.
- Store evidence by category. For example, have areas of the evidence room allotted for guns, knives, drugs, money, rape kits, and other items as deemed appropriate. This setup will make it easier to take a physical inventory of the evidence room.
- Maintain current inventory records that include the date confiscated, tag number, description of the item, name of the individual from whom confiscated, reference to the arrest report, and final disposition. Consider using a bar code inventory system (computerized system for tracking and accessing evidence). If manual inventory records are maintained, store the records in a fireproof/locked filing cabinet with access limited to only authorized personnel.
- Conduct a physical inventory of the evidence room periodically (certain types of inventory should be inventoried more frequently than others, e.g., money).
- Perform unannounced inspections of the evidence room and inventory records by police officers or other personnel independent (have no responsibilities for evidence or the evidence room) of the evidence room.
- Use translucent tear-resistant plastic bags instead of manila evidence envelopes so that evidence can be seen.
- Maintain adequate documentation of the final disposition of evidence. If evidence is released, a completed property release form should be maintained. If evidence is destroyed, the documentation should, at a minimum, include (1) a destruction order appropriately signed by the magistrate/district attorney and (2) a document from the law enforcement agency that destroyed the evidence to include the date, location, items destroyed, and signature of the persons destroying and witnessing the destruction (the Town's police officers should be prohibited from destroying evidence).”

Condition

The Police Department does not have formal policies and procedures for the evidence room.

Cause

The cause of the condition is unknown.

Effect

The items in the evidence room may be stolen, lost, or improperly disposed of.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Recommendation

We recommend the Police Chief implement policies and procedures to ensure that items in the evidence room are properly maintained and secured.

Management's Response

See management's corrective action plan.

2017-004 Purchasing and Disbursements

Year First Reported

2017

Type

Significant Deficiency

Criteria

To prevent unauthorized purchases, waste, and overspending, the purchasing system should be designed to ensure that purchases are properly authorized, are necessary and reasonable, and within the Town's budgeted expenditures. The duties involving authorization, custody, and recording should be segregated.

To prevent improper disbursements, checks should not be prepared without the following:

1. Original invoice(s) or receipt(s)
2. Signed packing slip or other evidence a responsible employee has verified that goods or services were received by the Town
3. Properly completed purchase order

Condition

We selected twenty-five disbursements for testing. We noted one disbursement was an expense reimbursement for police vehicle decals initially paid out of pocket by the Chief of Police. The invoice was a copy of the original document. No purchase order or other prior approval was presented for audit.

Cause

The cause of the condition is unknown.

Effect

The purchase cannot be properly evaluated and authorized. The Town may incur unnecessary expenditures or exceed its budgeted expenditures.

Recommendation

We recommend that the purchasing system be evaluated, and written policies and procedures be revised to include:

1. Purchase orders – After consideration of the current budget to actual amounts an employee with suitable authority and knowledge should prepare a purchase order listing the items to be purchased estimating the cost for each item, and designating the vendor to be used. The purchase order should be signed by the person requesting the purchase (unless a purchase requisition is used) and by the person approving the purchase order. The Town should purchase only from vendors approved by management. Approved vendors should be notified that the Town requires them to obtain purchase orders before authorizing purchases on credit in the Town's name.
2. Receiving reports – A responsible employee should sign a receiving report (if one is provided by the vendor) or the invoice or receipt to certify that goods or services were received by the Town.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

3. Proper segregation of duties – The duties of authorization, custody, and recording should be separated. No one person should be able to initiate a purchase, authorize a purchase, receive the goods, and record the purchase. No one person should be able to perform more than one of those duties. If it is necessary to assign multiple duties of one employee, oversight procedures must be sufficient to mitigate the risk caused by assigning incompatible duties.
4. Review of invoices – A responsible employee should match the invoice from the vendor to the purchase order and receiving report. If there is no receiving report, the employee should require that the appropriate employee sign the invoice. The process should be complete before the invoice is submitted for payment.

Management's Response

See management's corrective action plan.

2017-005 Police Officer's Employment Appears to Violate the Dual Employment Law

Year First Reported

2016

Type

Compliance

Criteria

Louisiana's dual office holding law is found in Louisiana Revised Statute 42:61 et seq. R. S. 42:63 (E) states, "No person holding a full-time appointive office or full-time employment in the government of this state or of a political subdivision thereof shall at the same time hold another full-time appointive office or full-time employment in the government of the state of Louisiana, in the government of a political subdivision thereof, or in a combination of these."

LRS 42:62(3) defines employment as, "'Employment" means any job compensated on a salary or per diem basis, other than an elective or appointive office, in which a person is an employee of the state government or of a political subdivision thereof."

LRS 42:62 (9) defines a political subdivision as, "'Political subdivision" means a parish, municipality, and any other unit of local government, including a school board and a special district, authorized by law to perform governmental functions. In addition, for the purposes of this Part, mayor's courts, justice of the peace courts, district attorneys, sheriffs, clerks of court, coroners, tax assessors, registrars of voters, and all other elected parochial officials shall be separate political subdivisions."

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Condition

One of the Town's full-time police officers also works for the East Carroll Parish School Board as a school resource officer.

The Louisiana Attorney General issued opinion number 17-0033 on September 8, 2017 opining that "The provisions of the Dual Officeholding and Dual Employment Law do not prohibit a full-time police officer with the City of Lake Providence from holding the part time position of Resource Officer with the East Carroll Parish School System." However, the AG opinion relied on information as follows that conflicts with the information the auditor received during the 2016 audit, "The principal of General Trass High School has provided information to this office, indicating that you also work as a Resource Officer providing security at the General Trass High School Monday through Friday from 8:00 AM until 3:30 PM with an hour lunch break. Because you work less than seven hours per day and less than thirty-five hours per week, the position is classified as "part time" "employment" for the Dual Officeholding and Dual Employment Laws." The opinion went on to say, "However, if the hours worked for the Resource officer position are increased to seven hours per day and thirty-five hours per week, the position would be classified as "full time" employment" for the purposes of the Dual Officeholding and Dual Employment Laws."

During the 2016 audit, we inquired of the School Board's Human Resource Director who advised us that the police officer was a full time Resource Officer for the School Board. During fieldwork for the 2017 audit, we asked that the Mayor request confirmation from the School Board of the officer's current status. The Mayor received a letter from the Superintendent dated December 19, 2017, that states, "As per your request, ... is a full-time (Monday-Friday) employee for the East Carroll Parish School District." The letter further stated, "He reports to the General Trass High School at 8:00 a.m. His lunch break is from 11:30 a.m. to 12:00 p.m. and his day ends at 3:30 p.m."

The Superintendent's letter indicates that the police officer works thirty-five hours per week as the Resource Officer which is full time for the purposes of the Dual Officeholding and Dual Employment Laws.

Cause

The cause of the condition is unknown. There appears to be no internal control procedure to prevent noncompliance with this law.

Effect

The Town may have violated state law.

Recommendation

We recommend that the Police Chief consult with the Mayor, the Board, and legal counsel regarding what actions to take.

Management's Response

See management's corrective action plan.

TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

2017-006 Ethics Training not Documented

Year First Reported

2017

Type

Compliance

Criteria

Louisiana Revised Statute 42:1170(A)(3)(a)(i) states, "Commencing on January 1, 2012, each public servant who was not required to complete education and training pursuant to Paragraph (1) or (2) of this Subsection shall receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of his public employment or term of office, as the case may be."

Condition

We selected five employees for testing. None of the selected employees have documentation of recent training.

Cause

Internal control procedures have not been designed and implemented to ensure that employees are in compliance.

Effect

The statutes include the following regarding penalties for noncompliance:

"(1) The Board of Ethics shall keep records of the compliance with the requirements of this Section by each registered lobbyist and public servant and by state agencies.
(2) If the board discovers that a public servant or lobbyist has failed to complete the training required by this Section, the board shall mail by certified mail a notice of noncompliance informing the person that the training required by this Section shall be completed within forty-five business days from the mailing of the notice of noncompliance. The notice of noncompliance shall include the deadline for completion of the training required by this Section. If the person completes the training prior to the deadline contained in the notice of noncompliance, no penalties shall be assessed against the person."

Recommendation

We recommend that management design and implement procedures to ensure compliance with the requirements.

Management's Response

See management's corrective action plan.

**TOWN OF LAKE PROVIDENCE
LAKE PROVIDENCE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Prior Year

2016-001 Certain Police Department Payroll Transactions Appear to be Based on Inaccurate Time Records

Resolved

2016-002 Police Officer's Employment Appears to Violate the Dual Employment Law

Repeated

2016-003 Purchase of Tractor Appears to Violate Bid Law and Surplus Property Law

Resolved

2016-004 Purchase of Fuel without Advertising for Bids Appears to Violate the Bid Law

Resolved

Town of Lake Providence

Robert N. Amacker, Jr.
Mayor

Lee Ann W. Clement
Certified Municipal Clerk

EXECUTIVE DEPARTMENT
201 SPARROW STREET
LAKE PROVIDENCE, LOUISIANA 71254
TELEPHONE: 318-559-2288
FAX: 318-559-3442

Aldermen:
Jason Condrey
Nathaniel Madere
Barbara McDaniel
Karl Magee
Donald B. Meadows
Attorney: Kenneth
"Andy" Brister, Jr.

December 27, 2017

Bosch & Statham, LLC
P. O. Box 2377
Ruston, LA 71273-2377

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period July 1, 2016 through June 30, 2017, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; disbursements; credit/debit/fuel/purchasing cards; travel and expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas (*should be customized by entity, as applicable*).

Yes No
2. For the fiscal period July 1, 2016 through June 30, 2017, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.

Yes No
3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.

Yes No
4. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.

Yes No
5. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between June 30, 2017, and December 27, 2017.

Yes No



6. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.
- Yes No
7. We represent that the listing of bank accounts provided to you is complete.
- Yes No
8. We represent that the listing of cash/check/money order (cash) collection locations provided to you is complete.
- Yes No
9. We represent that the listing of entity disbursements or the general ledger population of entity disbursements provided to you is complete.
- Yes No
10. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards, provided to you is complete.
- Yes No
11. We represent that the listing of all travel and related expense reimbursements, by person, during the fiscal period or the general ledger population of travel and related expense reimbursements provided to you is complete.
- Yes No
12. We represent that the listing of all contracts in effect during the fiscal period or the general ledger population of contract payments provided to you is complete.
- Yes No
13. We represent that the listing of employees (and elected officials, if applicable) with their related salaries provided to you is complete.
- Yes No
14. We represent that the listing of employees (and elected officials, if applicable) that terminated during the fiscal period provided to you is complete.
- Yes No
15. We have disclosed to you *[list other matters as you have deemed appropriate]*.
- Yes No
16. We have responded fully to all inquiries made by you during the engagement.
- Yes No

17. We are not aware of any events that have occurred subsequent to June 30, 2017, that would require adjustment to or modification of the results of the agreed-upon procedures.

Yes No

The previous responses have been made to the best of our belief and knowledge.

Signature Robert A. Amador Date 12/27/17

Title Mayor

Signature Lee Anderson Date 12/27/17

Title Town Clerk

Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Mayor and Board of Aldermen of the Town of Lake Providence, Louisiana,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Lake Providence, Louisiana, (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

We obtained the Town's written policies and procedures.

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

The Town's purchasing policy was adopted June 15, 2017. It includes all of the above elements.

Exceptions: None

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The Town's purchasing policy was adopted June 15, 2017. It includes all of the above elements except how purchases are initiated and how vendors are added to the vendor list.

Exceptions: As noted above.

**Independent Accountant's Report
on Applying Agreed-Upon Procedures
June 30, 2017**

- a) **Disbursements**, including processing, reviewing, and approving
The Town's disbursements policy was adopted June 15, 2017. It includes all of the above elements.
Exceptions: None
- b) **Receipts**, including receiving, recording, and preparing deposits
The Town's receipts policy was adopted June 15, 2017. It includes all of the above elements.
Exceptions: None
- c) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
The Town's payroll/personnel policy was adopted June 15, 2017. It includes all of the above elements.
Exceptions: None
- d) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
The Town's contracting policy was adopted June 15, 2017. It includes all of the above elements.
Exceptions: None
- e) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
The Town's credit card policy was adopted in 2003. It includes all of the above elements. The Town does not currently have a credit card.
Exceptions: None
- f) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
The Town's travel and expense reimbursement policy was adopted June 15, 2017. It includes all of the above elements except dollar thresholds by category of expense. The only threshold stated is for meals.
Exceptions: As noted above.
- g) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
The Town does not have a written ethics policy.
Exceptions: As noted above.

**Independent Accountant's Report
on Applying Agreed-Upon Procedures
June 30, 2017**

- h) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Town does not have a written debt service policy.

Exceptions: As noted above.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

We obtained the board minutes. Committee minutes were not maintained.

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The board met at least monthly.

Exceptions: None

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The minutes did not specifically reference or include monthly budget-to-actual comparisons. However, the minutes did indicate that the finance committee reviewed financial reports.

Exceptions: As stated above

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes did not reference or include monthly budget-to-actual comparisons.

Exceptions: As stated above

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes did reference approval of monthly disbursements and contracts during the fiscal period.

Exceptions: None

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a list of the Town's bank accounts, and management's representation that the listing is complete.

Exceptions: None

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4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for all twelve months for all six bank accounts that were selected for testing.

Exceptions: None

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

All bank reconciliations for all accounts selected for testing included evidence that a member of management or a board member has reviewed each bank reconciliation.

Exceptions: None

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Two of the bank accounts selected for testing contained reconciling items that have been outstanding for more than six months as of the end of the fiscal period. There was no documentation reflecting that management has researched those reconciling items.

Exceptions: As noted above.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

We obtained a list of the Town's collection locations, and management's representation that the listing is complete.

Exceptions: None

**Independent Accountant's Report
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6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

The Town only has one cash collection location at Town Hall.

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

We obtained the policy manuals that included job descriptions and cash collection procedures. All persons collecting cash appear to be bonded. Two employees collect cash, and each cashier maintains a separate cash drawer that is balanced daily. Bank deposits are prepared by the billing clerk and are delivered to the bank by an officer or department head.

Exceptions: None

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The Town's cashiers use computer software, receipt books, and daily collection summary forms. The Town Clerk posts collections from the daily summary to the accounting system (general ledger) noting that the totals match.

Exceptions: None

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

We prepared a schedule from the general ledger summarizing deposits by week to identify the highest week of cash collections.

Exceptions: None

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- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

We traced the deposits back to supporting documentation including receipt data, deposit slips, and bank statements.

Exceptions: None

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

See above

Exceptions: None

- Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

We obtained the Town's receipts policy. The policy does not specifically include a process to determine completeness of all collections.

Exceptions: As noted above.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained the check registers for all accounting funds and management's representation that the list was complete.

Exceptions: None

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9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

We randomly selected 25 disbursements for testing.

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Purchase requisitions are completed by department heads. Purchase orders are issued by the Town Clerk. One out of twenty-five disbursements were not initiated with a purchase requisition or purchase order.

Exceptions: As stated above

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Purchase requisitions are completed by department heads. Purchase orders are issued by the Town Clerk. One out of twenty-five disbursements were not initiated with a purchase requisition or purchase order.

Exceptions: As stated above

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

All of the selected disbursements were supported by evidence that goods or services were received.

Exceptions: None

- d) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The Town Clerk and the Accounts Payable Clerk can add vendors to the Town's purchasing/disbursement system. Either of those employees can process payments as well.

Exceptions: As noted above.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Town Clerk has the signatory authority and the ability to initiate and record purchases.

Exceptions: As noted above.

**Independent Accountant's Report
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11. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

We inquired of the Town Clerk. The supply of unused checks is maintained in the Town Clerk's office which is locked when the Town Clerk is away. The Accounts Payable Clerk must obtain checks from the Town Clerk when she prints checks.

Exceptions: None

12. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Neither a signature stamp or signature machine is used.

Exceptions: None

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

The Town does not have any credit cards, bank debit cards, fuel cards, or P-cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Not applicable

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Not applicable

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Not applicable

**Independent Accountant's Report
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16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Not applicable

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Not applicable

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We sorted the general ledger for the general fund and utility fund for travel reimbursements.

Exceptions: None

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

We obtained the Town's travel policy that was adopted June 15, 2017 and the policy that was adopted in 2003. Except for a \$50 per day threshold for meals and the use of the IRS rate for mileage, the policies do not set rates.

Exceptions: See above.

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19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Except for a \$50 per day threshold for meals and the use of the IRS rate for mileage, the policies do not set rates. All expenses were within GSA rates.

Exceptions: None

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

All travel selected for testing was supported by an original itemized receipt.

Exceptions: None

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

All travel selected for testing was supported by documentation of the business purpose.

Exceptions: None

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

We noted no other requirements.

Exceptions: None

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value.

Exceptions: None

**Independent Accountant's Report
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- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

All travel expenses tested did contain evidence that the related documentation was reviewed and approved by someone other than the person receiving the reimbursement. Additionally, all disbursements are reviewed by the finance committee.

Exceptions: None

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We obtained a listing from management of all contracts in effect during the fiscal period and a representation from management that the list is complete.

Exceptions: None

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Except for a contract for water system management services, all contracts tested had a formal/written contract to support the services and amount paid. The water system management contract had been amended. We were unable to reconcile the amount paid to the documents on file for the contract.

Exceptions: As noted above.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

We compared each contract's detail to the Louisiana Public Bid Law and determined only one contract for construction was subject to the bid law.

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

For the contract that was subject to the Louisiana Public Bid Law, we obtained supporting documentation to legal requirements and determined that the Town complied with all legal requirements.

Exceptions: None

**Independent Accountant's Report
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- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Four out of five contracts were not subject to the Bid Law. The Town did not solicit quotes for the four contracts that were not subject to the Bid Law.

Exceptions: As noted above.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Two contracts were amended.

Two change orders were executed for the construction contract. Change order Number 1 extended the contract time by twenty-two days. Change order number 2 extended the contract time by thirty-two days and increased the contract amount by \$2,445 for building adjustments. Both change orders were approved by management.

The contract for water system management services was also amended. We were unable to reconcile the documentation to the amounts paid or to determine if amendments were approved by the Board.

Exceptions: As noted above.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

We selected the largest payment from each of the five contracts and obtained the supporting invoice for each one. All invoices agreed with contract terms, except the invoice for water system management services.

Exceptions: As noted above.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

We reviewed contract documentation and board minutes and found that the council approved all contracts, except the contract amendment for water system management services.

Exceptions: As noted above.

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Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

We obtained the listing and management's representation that the listing is complete. We selected five employees/officials and obtained their personnel files.

We reviewed the compensation paid to each employee/official selected.

Exceptions: None

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

One employee selected for testing did have a pay rate change. It was properly approved.

Exceptions: None

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

We obtained attendance and leave records and randomly selected the pay period of March 16, 2017 to March 29, 2017. We randomly selected 25 employees for testing.

Exceptions: None.

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

All employees selected for testing documented their daily attendance and leave.

Exceptions: None

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

All of the selected time sheets were signed by supervisors. Five employees used leave time during the period tested. The leave request form was not signed for one out of five of those transactions.

Exceptions: See above

**Independent Accountant's Report
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- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We identified leave records for all eligible employees selected for testing.

Exceptions: None

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

We obtained from management the list and management's representation that the list was complete. We selected the two largest termination payments made during the fiscal period and obtained their personnel files. The payments were made in strict accordance with the policy and were approved by management.

Exceptions: None

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

We obtained IRS forms 941, Louisiana forms L-1, Federal forms 1096 and 1099, and retirement contribution reports for the Louisiana Municipal Employees Retirement System. We used the Town's accounting software to ascertain pay dates and pay period dates. All reports and payments were filed and paid timely.

Exceptions: None

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the

We requested documentation of training from management. None of the selected employees completed training during the fiscal year.

Exceptions: See above.

**Independent Accountant's Report
on Applying Agreed-Upon Procedures
June 30, 2017**

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

We inquired of management. Management reported it has not received any ethics allegations during the fiscal year.

Exceptions: None

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

We noted no indications that debt was issued during the fiscal period.

Exceptions: None

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

We agreed payments to amortization schedules. We noted no requirements for reserves or covenants.

Exceptions: None

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

We did not identify any tax millages related to debt service.

Exceptions: None

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

We inquired of management and noted no misappropriations.

Exceptions: None

**Independent Accountant's Report
on Applying Agreed-Upon Procedures
June 30, 2017**

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We observed and did not see the notice on the Town's premises or website.

Exceptions: See above

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We did not identify any exceptions regarding management's representations above.

Management responded to all comments in a separate letter referred to as Management's Corrective Action Plan.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana
December 27, 2017



MANAGEMENT LETTER

The Honorable Robert N. Amacker, Jr., Mayor
and Ms. Lee Ann Clement, Town Clerk

Town of Lake Providence
Lake Providence, Louisiana

In planning and performing our audit of the financial statements of the Town of Lake Providence, as of and for the year ended June 30, 2017, we considered the Town's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving internal control that are presented for your consideration. This letter does not affect our report dated December 27, 2017, on the financial statements of the Town. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations. Our comments and management's responses are summarized as follows:

ML2017-001 Stale Outstanding Items on Bank Reconciliations

Year First Reported

2017

Criteria

Basic internal control procedures include investigation into stale or unusual reconciling items.

Condition

We noted several outstanding items that are more than six months old on bank reconciliations of multiple accounts. The total of all such items was \$215.86. We noted no indication that anyone had researched the stale items.

Cause

Internal control policies and procedures in place during the audit period did not include a procedure for reviewing the bank reconciliations. However, the bank reconciliation policy adopted on June 15, 2017 does include the procedure.

Effect

Cash and other items could be misstated.

Recommendation

We recommend that the Town ensure that its newly adopted policy addresses the condition described above. The Town should follow state unclaimed property laws, as well as, its own policy for such checks.

Management’s Response

See management’s corrective action plan.

ML2017-002 Personnel Policy

Year First Reported

2017

Criteria

Best practices suggest formal written policies and procedures are necessary as a clear understanding of what should be done, how it should be done, who should do it, and when it should be done. Such practices should include a monitoring process to ensure the procedures are followed to meet management’s expectations.

Condition

We noted the Town’s personnel policy does not address some areas of timekeeping and payroll processing. During audit procedures, we identified some areas of conflict between management and employees and between departments relating to timekeeping and payroll processing. Particularly, there is not a clear policy to determine when an employee is compensated for overtime. We also noted that salaried employees are not required to maintain attendance records.

Cause

The personnel policy has not been updated recently. The policy in place does not address several issues that management has identified as needing clarification in recent years.

Effect

Inconsistent procedures are being applied between departments. Employees could be over or under paid.

Recommendation

We recommend the Town review and update the current personnel policy to address all known issues.

Management’s Response

See management’s corrective action plan.

Our audit procedures are designed primarily to enable us to form opinions on the financial statements of the Town of Lake Providence, as of and for the year ended June 30, 2017, which collectively comprise the Town’s financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

Also included are management’s responses to our current year management letter comments. We have performed no audit work to verify the content of the responses.

Town of Lake Providence

Lake Providence, Louisiana

Management Letter – June 30, 2017

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This report is intended solely for the information and use of the Mayor and Town Clerk of the Town of Lake Providence and is not intended to be and should not be used by anyone other than these specified parties.

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana

December 27, 2017

Town of Lake Providence

Robert N. Amacker, Jr.
Mayor

Lee Ann W. Clement
Certified Municipal Clerk

EXECUTIVE DEPARTMENT
201 SPARROW STREET
LAKE PROVIDENCE, LOUISIANA 71254
TELEPHONE: 318-559-2288
FAX: 318-559-3442

Aldermen:
Jason Condrey
Nathaniel Madere
Barbara McDaniel
Karl Magee
Donald B. Meadows
Attorney: Kenneth
"Andy" Brister, Jr.

December 28, 2017

Bosch & Statham, Certified Public Accountants
Attention: Mrs. Melissa Bosch, CPA
P.O. Box 2377
Ruston, Louisiana 71273-2377

Re: Town of Lake Providence Audit fy ending June 30, 2017 – Responses/Corrective Action Plan

Dear Mrs. Bosch:

In reference to the above, we are responding as follows:

LLA's Statewide Agreed-Upon Procedures - We will take all AUP comments in advisement and take appropriate action.

Findings – Financial Statement Audit

2017-001 No Physical Inventory of Assets –

In the future we will require a physical inventory list from all department heads on an annual basis.

2017-002 Committee Meetings Appear to Violate Louisiana's Open Meetings Law

From this point forward we will conform to Louisiana Open Meetings Law during all committee meetings.

2017-003 Police Department Evidence Room

The requirements for the evidence room will be added to our Policy and Procedure Manual. The Chief of Police will be required to implement these policies.

2017-004 Purchasing and Disbursements

From this point forward, all purchases will be accompanied by an invoice and purchase order. No reimbursements will be made without proper authorization.

2017-005 Police Officer's Employment Appears to Violate the Dual Employment Law

This matter will be turned over to our Attorney for evaluation.

2017-006 Ethics Training not documented

Ethics training will be documented from now on. Ethics training will be added to our Policy and Procedure manual.

"This institution is an equal opportunity provider and employer"



If you need additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, reading "Robert N. Amacker, Jr." in a cursive style.

Robert N. Amacker, Jr.
Mayor

RNA/lawc